

2017

Oregon Department of Revenue

Government-To-Government Annual Report

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Questions? Contact:
Nia Ray, Director
Phone: 503-945-8214
Fax: 503-945-8290
955 Center Street N.E.
Salem, OR 97301-2555
nia.ray@oregon.gov

Executive Summary

The mission of the Oregon Department of Revenue is to make revenue systems work to fund public services that preserve and enhance the quality of life for all citizens. We partner with Oregon tribes to achieve this mission. Representatives from the personal income tax, cigarette and other tobacco products tax, corporation, and property tax programs work together with tribes to resolve issues. Following are items of interest for 2017.

- Personal and corporate income tax program—Provided education and assistance; continued to streamline return processing; maintained an online portal for added taxpayer and tribe member self-sufficiency; participated in the Economic and Community Services Cluster and other tribe-state events.
- Cigarette and other tobacco products (OTP) tax program—Continues to work toward a revenue sharing agreement with both the Umatilla and Klamath tribes for OTP tax.
- Property tax program—Participated in the Economic and Community Services Cluster and other events; continued involvement with representatives from the tribal tax group.

Department Statement

The Oregon Department of Revenue continues to maintain good relationships with Oregon tribes. The department's tribal key contact, Nia Ray, takes the lead in working with employees who are developing and implementing programs affecting the tribes. The primary contacts with the tribes are:

Personal income tax—Ben Gille

Property tax—Linda Blacklock

Corporation tax—Don Jones

Cigarette and other tobacco products tax—Michael Skorupka

Developing partnerships to achieve our mission is of primary concern. The unique legal status of Oregon tribes as sovereign nations makes the tribes some of our most important partners. As such, we are active participants in the Economic Development and Community Services Cluster group meetings and attend the annual summit to build and improve these partnerships.

Personal Income Tax Program 2017 Highlights

The department's personal income tax program deals directly with tribe members. Our goal is to provide assistance and education to tribe members so they can meet their filing requirements.

This past processing season marked the second year of processing personal income tax returns in our new system. We continue to look for ways to use the system's capabilities to make it easier for taxpayers, including tribe members, to file and pay their taxes.

Tribe members must live and work in Indian Country, located in Oregon, in order for their income to be exempt. They must file an Oregon return with the *Exempt Income Schedule for Enrolled Members of a Federally Recognized Indian Tribe* form each year, even when their situation has not changed and their income is still exempt. A post office box for home or work addresses should not be used on the form. A physical street address located in Oregon is required and eliminates delays in processing the return. Also, it helps us keep our list of addresses that meet the definition of “Indian Country” updated as the list of properties put in trust continues to grow.

We have been getting more questions from qualifying tribe members who derive income from work or business activity performed in and outside of Indian Country. For employees, the income that is exempt is only the wages earned for work performed in Indian Country located in Oregon. This can be determined by calculating the percentage of days worked in Indian Country to total days worked for the year. For business owners, the business must be located in Indian Country in Oregon and the percentage that is exempt is based on the services performed, or sales that occurred, in Indian Country.

We also actively participated in cluster meetings and other events throughout 2017. We shared information with cluster members on our Core Systems Replacement project and its impact on our personal income tax program and tribe members.

Ongoing

For the upcoming processing season, we’ve added a shorter name to the *Exempt Income Schedule for Enrolled Members of a Federally Recognized Indian Tribe* form. It can now be found as the 2017 Schedule OR-EIS. The form may be found through our website search feature under the short name, or any portion of the full name making it as easy as possible to access the form.

One of our goals is to assist Oregon taxpayers in becoming more self-sufficient. We continue to encourage personal income tax payers to use our secure website, Revenue Online. Through Revenue Online, taxpayers can access their account at any time to view letters from us, make payments, file returns, securely communicate with us, and update contact and personal information. This site provides a way for tribe members to scan and submit their 2017 Schedule OR-EIS.

We continue to update and maintain tribe information regarding taxation on our website at www.oregon.gov/dor. We welcome feedback and comments from tribe members on the effectiveness of the website and work to improve the information provided and the user’s experience.

Cigarette and OTP Tax Program 2016 Highlights

Under the provisions of ORS 323.401, the department maintains cigarette tax refund agreements with eight Oregon tribes: Confederated Tribes of the Warm Springs Indian Reservation, Confederated Tribes of the Umatilla Indian Reservation, Klamath Tribes, Confederated Tribes of Grand Ronde, Confederated Tribes of Siletz, Coquille Indian Tribe, Burns Paiute, and Confederated Tribes of Coos, Lower Umpqua, and Siuslaw.

We also have an OTP refund agreement with the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw.

Tribes members aren't required to pay Oregon's cigarette or OTP tax. Under these agreements, the tribes agree that their retail outlets will purchase cigarettes and OTP for retail sale from state licensed distributors that have already paid the Oregon tax. In turn, we agree to share tax revenue with the tribes based on an estimate of the cigarette or OTP tax we believe was paid by tribe members. We believe the agreements are in the best interest of the tribes and the state of Oregon and assist us in effectively administering Oregon's cigarette tax program. Like 2016, by the end of 2017, we will have shared more than \$1.3 million in cigarette and OTP revenues with participating tribes this year.

We gave a presentation at the Economic and Community Services Cluster meeting in October 2017 on how our revenue sharing agreements work, how tribes can participate and how these agreements benefit both the State and the tribes.

Ongoing

We continue to work on revenue-sharing agreements with the Klamath and the Confederated Tribes of the Umatilla Indian Reservation tribes for tax revenue from tobacco products other than cigarettes sold by tribal retail outlets. We are also continuing our work with the Confederated Tribes of the Umatilla Indian Reservation on both amending their cigarette revenue-sharing agreement and securing a revenue-sharing agreement for tobacco products other than cigarettes. These agreements are like the one negotiated with the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw in 2014.

Property Tax Program 2017 Highlights

No meetings were held in 2017 since there were no new property tax issues brought forward to the Property Tax Program by tribal representatives or the Tribal Tax Work Group (TTWG). However, we are always available to address new issues should the need arise. The TTWG is composed of representatives from the tribes, county assessment offices, Oregon Department of Justice, Governor's Office, and Department of Revenue.

We actively participated in cluster meetings and other events throughout 2017.

Ongoing

We continue to partner with local jurisdictions to share information and provide training and workshops on property tax matters that may impact tribes or their members.

Corporation Tax Program 2017 Highlights

We attended cluster meetings and Legislative Commission on Indian Services meetings during 2017. We're ready to work with the Oregon tribes on any corporation income tax matters.

Ongoing

We continue to attend meetings with the tribes and the Legislative Commission on Indian Services to maintain awareness of the tribes' concerns and further develop our relationship with them. We invite the tribes to participate in our legislative and rules processes.

We also work cooperatively with tribal representatives to address issues and answer questions, which helps develop a mutual understanding.